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270502Z May 05

UNCLAS PRETORIA 002082

SIPDIS

DEPT FOR AF/EPS; AF/S TCRAIG
USDOC FOR 4510/ITA/IEP/ANESA/OA/J DIAMOND
COMMERCE ALSO FOR HVINEYARD
TREASURY FOR OWHYCHE-SHAW
DEPT PASS USDA FOR FAS TPOMEROY, RHENDERSON AND HWETZEL
DEPT PASS USTR FOR FLISER, PCOLEMAN, AND CMOORE

SENSITIVE

E.O. 12958: N/A

TAGS: [ETRD](#) [EAGR](#) [ECON](#) [SF](#)

SUBJECT: ANTI-DUMPING DUTIES ON U.S. POULTRY

REF: (A) STATE 98082, (B) 2004 PRETORIA 2504

(U) This cable is sensitive but unclassified. Not for internet distribution.

1. (SBU) Deputy Econ Chief and Agricultural Counselor raised reftel points with three officials of ITAC, the International Trade Administration of South Africa, on May 26: Nomonde Maimela, Chief Commissioner; Carina Grove, Director: Trade Remedies 1; and Niki Kruger, Senior lawyer. The U.S. Embassy officers asked that the anti-dumping duties be allowed to expire; underlined their unfair discrimination against U.S. exports to the benefit of other countries, such as Brazil; and pointed out flaws in the methodology used to calculate the duties, noting the unhelpful signal this would send to other countries.

2. (SBU) The South Africans confirmed that they had received a petition from the South African domestic poultry industry to extend the anti-dumping duties. ITAC did not expect a decision on the extension until later in the year. (Note: As noted in reftel B notice of the sunset review, the date of expiry of the duty is listed as December 27, 2005.) The South Africans also responded that it would be very helpful if the U.S. companies affected, namely Tyson Foods and Gold Kist, would respond fully to the questions contained in the sunset review documents that ITAC will send out to concerned parties in the next few months, if ITAC decides to initiate a review. In particular, they recommended that the U.S. companies provide ITAC with factual information about prices on their poultry exports to other countries as well as on their pricing for sales in the U.S. market to make their case that they are not dumping and would not be dumping.

3. (SBU) It will not help their case if the U.S. companies do not submit any information, as that will leave ITAC in the position of hearing only from the petitioners seeking the continuation of the anti-dumping duties. The best prospect for getting the anti-dumping duties to expire, or reduced, is for U.S. companies to provide ITAC with information to show their prices are fair. They are open to information from any U.S. companies, not just Tysons Food and Gold Kist. This would provide ITAC with arguments ITAC can factor into its written recommendation to the DTI Minister on deciding the case.

4. (SBU) Ms. Maimela pointedly advised, however, that the companies not argue questions about methodology.

5. (SBU) Comment: There is no change in ITAC's views about the methodology used in South Africa's analysis of the issue. ITAC's position is the same today as it was in September 2001 when then USTR Ambassador Zoellick and then Trade and Industry Minister Alec Erwin discussed this issue in a digital videoconference. Companies will not help, but hurt, their case by contesting the methodology. On the positive side, Maimela did indicate an open mind about receiving more information regarding market prices. ITAC has generally treated companies that cooperate by providing information more favorably than those who ignore requests for information.

FRAZER